

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOND DU LAC COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2009

As the management of Fond du Lac County (the County), we offer readers of the County's basic financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended 12/31/09. We encourage readers to consider the information presented here.

Financial Highlights

- The assets of the County exceeded its liabilities as of 12/31/09 by \$78,212,960 (*net assets*). Of this amount, \$10,167,552 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets decreased by \$2,707,958 (Governmental Activities decreased by \$733,145; Business-type Activities decreased by \$1,974,813). Several factors contributed to the overall decrease as follows:
 - Savings in Special Revenue funds resulted in unspent funds of \$2,624,868 returned to the General Fund.
 - The Care Management Organization net assets decreased by \$1,775,285 this year, as compared to an increase of \$54,056 last year. Capitated rates per member per month established by the State for the year were less than the current year program costs incurred.
- The property tax rate increased \$0.05 to \$5.03 per \$1,000 of property value for the budget year ended December 31, 2009.
- The property tax levy increased \$1,558,885 (4.75%) in support of the 2009 budget, over the prior year. Most of this increase was directed toward the following principal budget categories: \$688,995 for public safety and \$466,880 for debt service.
- The County paid share of health insurance costs increased \$524,902 (6.52%) for the year ended 12/31/09. Monthly premium rate increases averaged 5% for 2009, over 2008 rates.
- Investment earnings decreased \$653,567 from the prior year due to low interest rates throughout 2009.
- As of 12/31/09, the County's governmental funds reported combined ending fund balances of \$14,780,345, an increase of \$870,750 in comparison with the prior year end. Approximately 85% of this total amount, \$12,639,831 is *available for spending* at the County's discretion (*unreserved fund balance*).
- As of 12/31/09, the unreserved and undesignated fund balance for the general fund was \$4,863,759, or approximately 8% of total general fund expenditures.
- The County's total general obligation debt increased by \$21,460,000 (65.7%) during 2009. \$20,000,000 of new long term general obligation promissory notes were issued in 2009 for the purpose of paying the cost of making an appropriation to the Fond du Lac County Economic Development Corporation which will provide economic support to Mercury Marine.

FOND DU LAC COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2009

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Fond du Lac County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include: general government, public safety, public works, health and human services, culture, recreation, and education and conservation and development. The business-type activities of the County include: a highway operation, a care management organization for long term care of the elderly and disabled, a health care facility, a nursing home, an airport, a golf course and a solid waste landfill.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate Housing Authority of Fond du Lac County for which the County is financially accountable. Financial information for the *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14 - 17 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

FOND DU LAC COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2009

The County maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, county road & bridge fund, department of community programs fund, department of social services fund, capital projects fund and debt service fund, all of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for all its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund and for each individual, major special revenue fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 18 - 27 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its highway operation, care management organization, health care facility, nursing home, airport, golf course and solid waste landfill. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its central maintenance and its health self-insurance services. Because these services predominantly benefit governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the highway operation, care management organization, health care facility, nursing home and airport, all of which are considered to be major funds of the County. Data from the other enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of *combining statements* elsewhere in this report. Data from the internal service fund is presented as a single column in the proprietary fund financial statements. Individual fund data for each of these internal service funds is provided in the form of combining statements elsewhere in the report.

The basic proprietary fund financial statements can be found on pages 28 - 31 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 32 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 33 - 54 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and internal service funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 57 - 82 of this report.

FOND DU LAC COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2009

Government-wide Financial Analysis

Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$78,212,960 at the close of 2009.

Fond du Lac County's Net Assets						
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 78,220,081	\$ 56,714,671	\$ 14,612,232	\$ 15,887,969	\$ 92,832,313	\$ 72,602,640
Capital assets	74,900,296	73,894,458	16,568,775	16,914,208	91,469,071	90,808,666
Total assets	153,120,377	130,609,129	31,181,007	32,802,177	184,301,384	163,411,306
Long-term liabilities outstanding	56,855,705	34,874,087	892,747	628,847	57,748,452	35,502,934
Other liabilities	42,155,425	40,892,650	6,184,547	6,094,804	48,339,972	46,987,454
Total liabilities	99,011,130	75,766,737	7,077,294	6,723,651	106,088,424	82,490,388
Net assets:						
Invested in capital assets, net of related debt	43,473,133	41,320,319	16,441,471	16,862,258	59,914,604	58,182,577
Restricted	1,286,687	1,723,623	6,844,117	8,640,903	8,130,804	10,364,526
Unrestricted	9,349,427	11,798,450	818,125	575,365	10,167,552	12,373,815
Total net assets	\$ 54,109,247	\$ 54,842,392	\$ 24,103,713	\$ 26,078,526	\$ 78,212,960	\$ 80,920,918

By far the largest portion of the County's net assets (76.6%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets (10.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$10,167,552) may be used to meet the County's ongoing obligations to citizens and creditors. At the end of the current fiscal year, Fond du Lac County is able to report positive balances in the government as a whole.

Depreciation expense for governmental activities reflected in the statement of activities is \$5,462,938. This is an expense without a cashflow so there is no offsetting revenue (tax levy) reflected in the statement of activities. This would have the effect of reducing net assets in the statement of activities.

The amount levied for principal payment on governmental activity debt reflected in property tax revenue is \$3,335,000. This revenue is reflected in the statement of activities. The funds were used for the payment of principal on debt which would not appear on the statement of activities. This would have the effect of increasing net assets on the statement of activities.

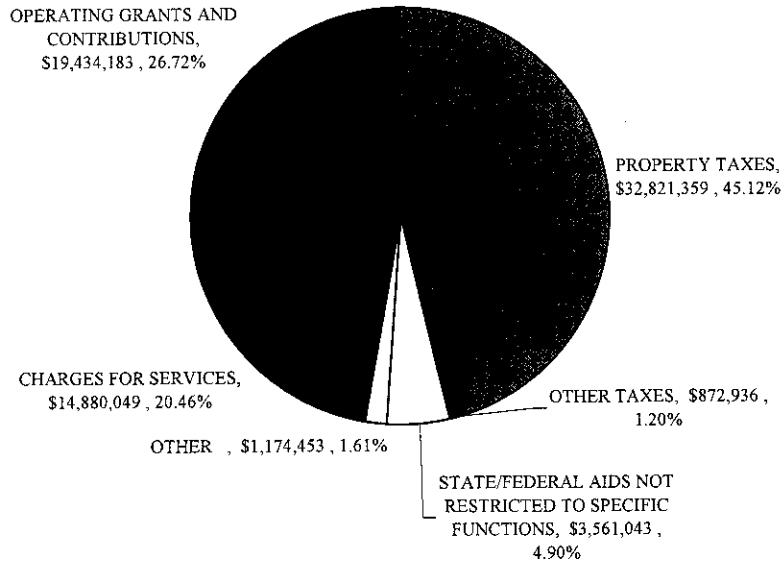
FOND DU LAC COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2009

Change in net assets. At the end of the current fiscal year, governmental activities decreased the County's net assets by \$733,145, while business-type activities decreased net assets by \$1,974,813. Key elements of the change in net assets are as follows:

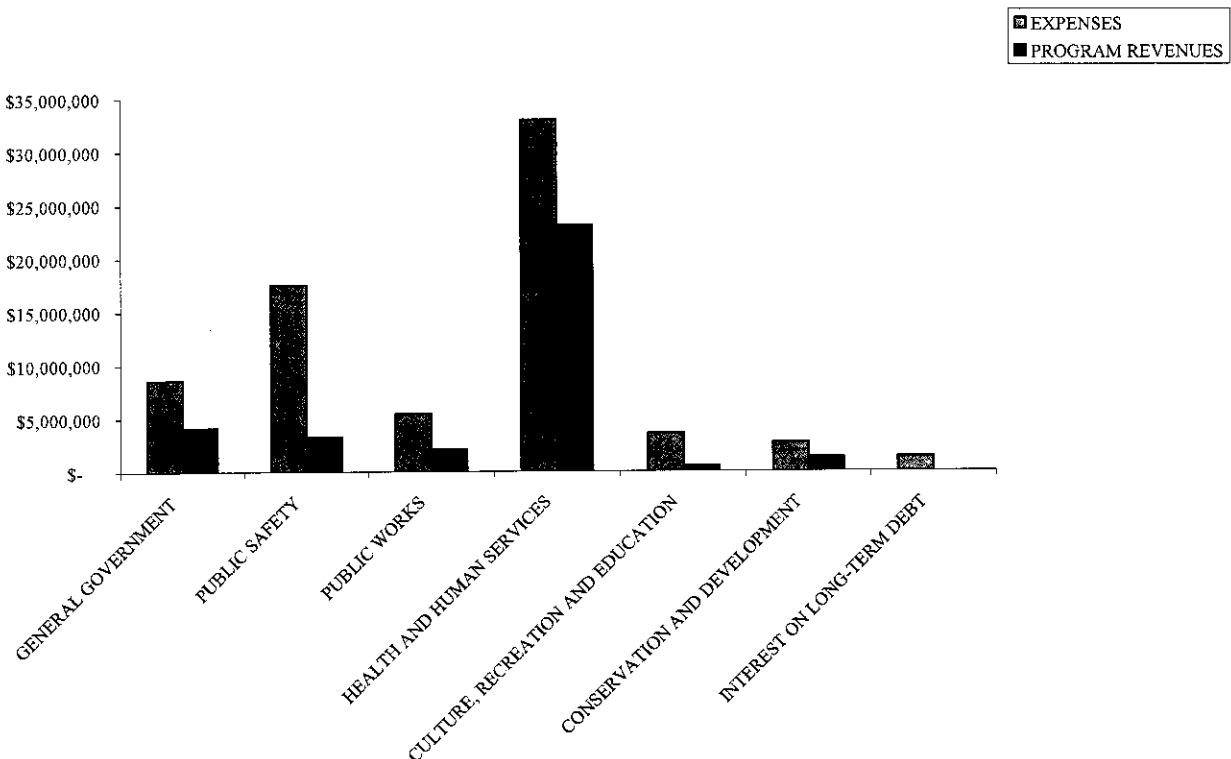
Fond du Lac County's Change in Net Assets						
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 14,880,049	\$ 15,108,969	\$ 51,339,253	\$ 49,576,012	\$ 66,219,302	\$ 64,684,981
Operating grants and contributions	19,434,183	18,586,440	1,412,284	1,728,088	20,846,467	20,314,528
Capital grants and contributions	-	-	227,407	61,178	227,407	61,178
General revenues:						
Property taxes	32,821,359	30,714,733	1,498,443	2,161,580	34,319,802	32,876,313
Other taxes	872,936	856,552	143	158	873,079	856,710
State and federal aids not restricted to specific functions	3,561,043	2,896,194	-	-	3,561,043	2,896,194
Other	1,174,453	1,723,395	554,063	844,896	1,728,516	2,568,291
Total revenues	72,744,023	69,886,283	55,031,593	54,371,912	127,775,616	124,258,195
Expenses:						
General government	8,581,050	8,717,853	-	-	8,581,050	8,717,853
Public safety	17,504,052	17,198,593	-	-	17,504,052	17,198,593
Public works	5,444,202	5,240,647	-	-	5,444,202	5,240,647
Health and human services	32,946,923	32,173,201	-	-	32,946,923	32,173,201
Culture, recreation and education	3,572,563	3,274,465	-	-	3,572,563	3,274,465
Conservation and development	2,674,386	4,071,061	-	-	2,674,386	4,071,061
Interest on long-term debt	1,396,305	1,271,927	-	-	1,396,305	1,271,927
Highway	-	-	10,680,532	11,184,748	10,680,532	11,184,748
Care Management Org	-	-	35,074,195	31,549,740	35,074,195	31,549,740
Health Care Center	-	-	8,425,968	8,082,581	8,425,968	8,082,581
Rolling Meadows	-	-	-	-	-	-
Nursing/Rehab Center	-	-	2,553,956	1,866,537	2,553,956	1,866,537
Airport	-	-	700,641	672,146	700,641	672,146
Golf Course	-	-	864,532	817,527	864,532	817,527
Landfill	-	-	64,269	51,479	64,269	51,479
Total expenses	72,119,481	71,947,747	58,364,093	54,224,758	130,483,574	126,172,505
Increase (decrease) in net assets before transfers	624,542	(2,061,464)	(3,332,500)	147,154	(2,707,958)	(1,914,310)
Transfers	(1,357,687)	169,760	1,357,687	(169,760)	-	-
Increase (decrease) in net assets	(733,145)	(1,891,704)	(1,974,813)	(22,606)	(2,707,958)	(1,914,310)
Net assets - January 1	54,842,392	56,734,096	26,078,526	26,101,132	80,920,918	82,835,228
Net assets - December 31	\$ 54,109,247	\$ 54,842,392	\$ 24,103,713	\$ 26,078,526	\$ 78,212,960	\$ 80,920,918

FOND DU LAC COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2009

REVENUES BY SOURCE-GOVERNMENTAL ACTIVITIES

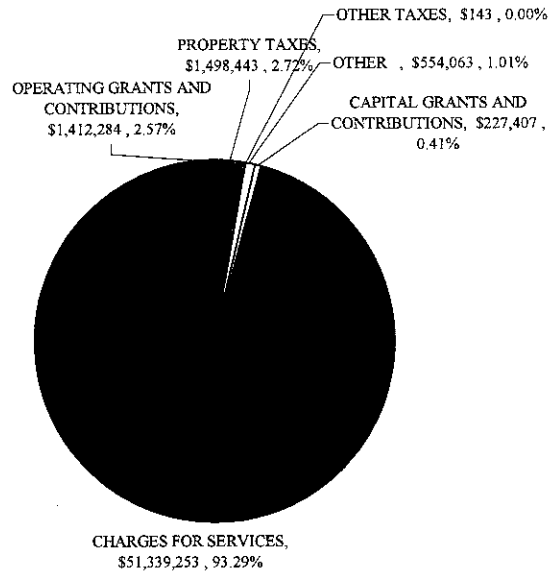


EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES

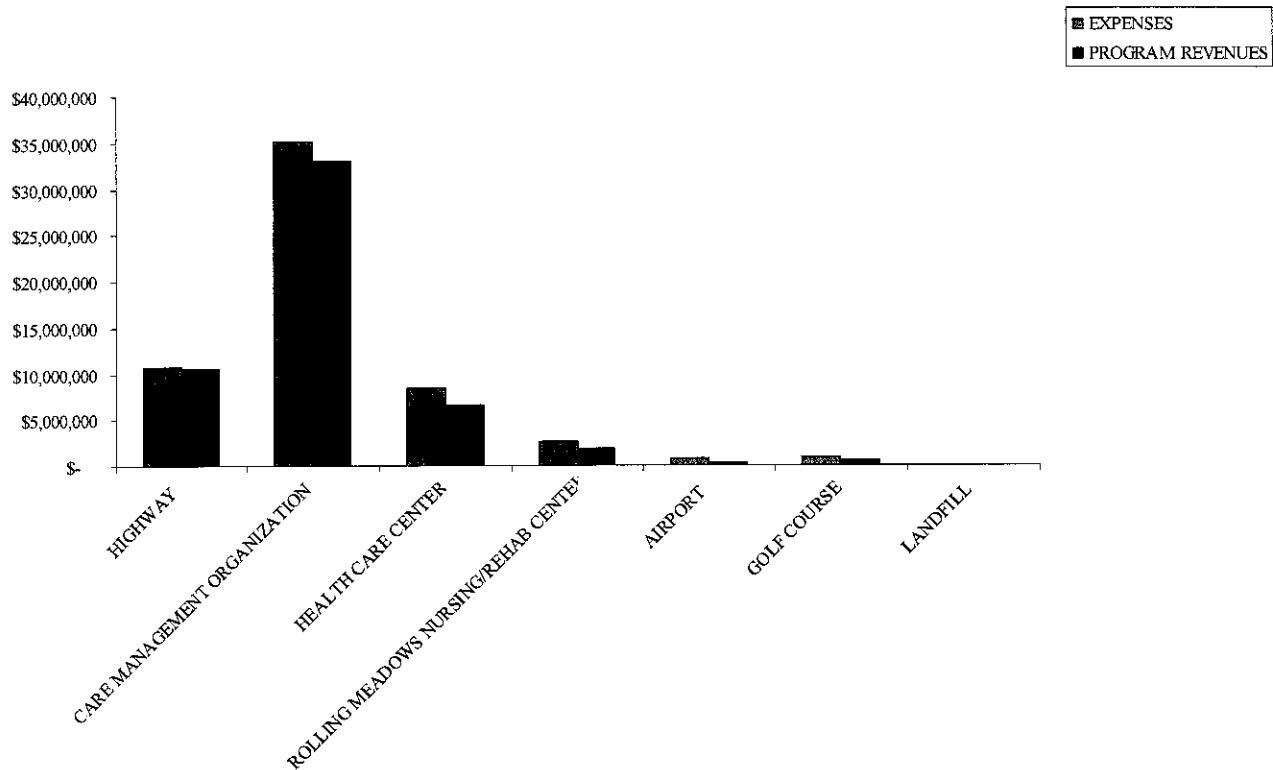


FOND DU LAC COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2009

REVENUES BY SOURCE-BUSINESS-TYPE ACTIVITIES



EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES



FOND DU LAC COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2009

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of year end, the County's governmental funds reported combined ending fund balances of \$14,780,345, an increase of \$870,750 in comparison with the prior year. Approximately 85% of this amount (\$12,639,831) constitutes *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) for current year purchases of inventory and prepayments that benefit periods beyond the end of the current year (\$666,424), 2) for non-liquid delinquent taxes (\$1,424,090), and 3) for the Sheriff Canine Permanent Fund (\$50,000).

The general fund is the main operating fund of the County. At the end of the current year, unreserved fund balance of the general fund was \$11,293,189, while total fund balance reached \$13,095,961. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 19% of total general fund expenditures, while total fund balance represents 22 % of that same amount.

During the current year, the County's total general fund balance increased \$1,465,968, mostly due to transfers of excess budget surplus of \$1,355,794 from the Department of Community Programs and of \$1,269,075 from the Department of Social Services. The fund balance reserved for delinquent property taxes increased by \$274,146 to \$1,424,090, while the unreserved, undesignated general fund balances also increased by \$413,673 to \$4,863,759.

The County Road & Bridge Fund has a total fund balance of \$1,286,019. All of this balance is unreserved. The total fund balance represents 20% of total fund expenditures.

The Department of Community Programs has a total fund balance of \$54,115, decreasing \$101,985 during the current year, after a return of \$1,355,794 of excess budget surplus to the General Fund. The Department of Community Programs generally maintains a minimal fund balance. Budget surplus is returned to the General Fund annually. The budget surplus was generated, in part, by intergovernmental revenues being approximately \$370,000 more than the final amended revenue budget; and salaries/wages and fringe benefits, department wide, were under the final amended expenditure budget by approximately \$586,000.

The Department of Social Services has a total fund balance of \$152,740, increasing \$52,740 during the current year, after a return of \$1,269,075 of excess budget surplus to the General Fund. The budget surplus was generated, in part, by purchased client services, department wide, being under budget by approximately \$600,000. The Department of Social Services generally maintains a minimal fund balance. Budget surplus is returned to the General Fund annually.

FOND DU LAC COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2009

Proprietary funds. The County's proprietary funds provide the same type of information found in the County's government-wide financial statements, but in more detail.

Total net assets of the major proprietary funds are listed in the following table. Also displayed in this table is the total growth in net assets for the current year.

	Highway	Health Care Center	Rolling Meadows Nursing/ Rehab Center	Airport
Total Net Assets – Beginning of Year	\$ 6,559,703	\$ 2,846,969	\$ 591,243	\$ 5,907,044
Total Net Assets – End of Year	7,282,044	2,453,854	43,329	6,170,858
Total Growth (Reduction) In Net Assets	\$ 722,341	\$ (393,115)	\$ (547,914)	\$ 263,814

The net assets of the Care Management Organization are considered restricted and decreased by \$1,775,285 to \$7,026,429.

Intergovernmental Transfer Program payments to our two nursing homes decreased approximately \$240,000 for 2009 from the prior year, a 15% reduction. Another decrease of 12% is anticipated for 2010. The cost of providing nursing home services continues to escalate, while the Federal and State government continues to reduce payments to the County for these service programs. This adds upward pressure to the tax levy demands to operate the County's two nursing homes.

Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Differences between the original adopted budget and the final amended budget amount to a \$2,699,322 (6.8%) net increase in appropriations for general operations and can be briefly summarized as follows:

- \$2,056,812 of additional carryover of unencumbered appropriations in funding or restricted program revenue (not planned at time of budget adoption).
- \$443,082 of new or additional revenue sources.
- \$5,935 of general fund appropriations during the year to fund additional unforeseen building rental costs for the Land/Water Conservation Department

The County funded these changes from available fund balance and various grants to departments.

In addition, the original adopted budget was amended to reflect the \$20,000,000 appropriation made to the Fond du Lac County Economic Development Corporation for an economic support loan to Mercury Marine. The County funded this appropriation with general obligation debt proceeds.

During the year, actual revenues were greater than final budgeted revenues by a net amount of \$782,723, primarily in Intergovernmental Charges for Services – Jail – Prisoner Board (\$328,559).

Actual expenditures were less than final budgeted expenditures by a net amount of \$3,089,439, primarily in Public Safety – Sheriff and Jail (\$613,779), Health and Human Services – Transportation/Senior Services (\$520,553) and Capital Outlay – Aeronautic Industrial Park (\$1,008,329). Much of these funds were carried over to 2010 as additional carryover of unencumbered appropriations in funding or restricted program revenue (not planned at time of budget adoption).

FOND DU LAC COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2009

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of year end amounts to \$91,469,071 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles, public domain infrastructure (highways and bridges), and construction in progress, if applicable. The total increase in the County's investment in capital assets (net of accumulated depreciation) for the current year was \$660,406 or a 0.7% increase over last year (a \$1,005,838 increase for governmental activities and a \$345,432 decrease for business-type activities).

Major capital assets acquired or constructed during the year include:

- Interoperability Tower and Infrastructure Project - \$1,572,196
- Aeronautic Industrial Park - \$305,201

Fond du Lac County's Capital Assets (net of accumulated depreciation)						
	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Work in progress	\$ -	\$ -	\$ 7,121	\$ -	\$ 7,121	\$ -
Land	3,276,455	2,662,868	1,152,212	980,404	4,428,667	3,643,272
Land improvements	2,713,331	2,642,819	7,254,780	7,685,143	9,968,111	10,327,962
Buildings/building improvements	34,003,269	34,744,663	2,475,075	3,039,795	36,478,344	37,784,458
Machinery/equipment	4,561,601	4,394,009	5,679,587	5,208,865	10,241,188	9,602,874
Infrastructure	30,345,640	29,450,099	-	-	30,345,640	29,450,099
Total	\$ 74,900,296	\$73,894,458	\$16,568,775	\$16,914,207	\$91,469,071	\$90,808,665

The Rolling Meadows Nursing/Rehab Center facility on Military Road, that was vacated in September, 2006, was sold in January, 2009 at a loss of \$407,928.

Additional information on the County's capital assets can be found in Note C. 6 on pages 43 - 45 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$54,145,000:

Fond du Lac County's Outstanding Debt General Obligation Debt						
	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation debt:						
Bonds	\$12,755,000	\$15,760,000	\$ -	\$ -	\$12,755,000	\$15,760,000
Notes	41,390,000	16,925,000	-	-	41,390,000	16,925,000
Total general obligation debt	\$54,145,000	\$32,685,000	\$ -	\$ -	\$54,145,000	\$32,685,000

The County's total bonded debt increased \$21,460,000 (65.7%) during the current fiscal year. \$20,000,000 of general obligation notes was issued in November, 2009 to fund an appropriation to the Fond du Lac County Economic Development Corporation to provide economic support in the form of a loan to Mercury Marine.

The County maintains an Aa3 rating from Moody's Investors Service for its general obligation debt.

FOND DU LAC COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2009

State statutes limit the amount of general obligation debt the County may issue to 5% of its total equalized valuation. The current debt limitation for the County is \$355,715,110, which is significantly in excess of the County's \$54,145,000 in outstanding general obligation debt. The County issued additional general obligation debt of \$10,000,000 in March, 2010 to continue the funding of the not to exceed \$50,000,000 appropriation to the Fond du Lac County Economic Development Corporation to provide economic support in the form of a loan to Mercury Marine.

Additional information on the County's long-term debt can be found in Note C. 8 on pages 46 - 48 of this report

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Fond du Lac County was 8.6% in December, 2009, up from 5.9% in December, 2008. This rate is comparable to the State of Wisconsin's unemployment rate of 8.3% in December, 2009.
- The economic condition and outlook of the County has been negatively affected by the nation-wide economic crisis. Our relatively healthy mix of manufacturing, tourism, service industry, retail, and farming activities has not been able to shield us from a down turn in our economy.
- Inflationary trends in our region compare favorably to national indices.
- During the current year, unreserved fund balance in the general fund increased \$1,141,460 to \$11,293,189. The County has appropriated \$1,800,000 of this amount for spending in the 2010 adopted budget.

All of these factors were considered in preparing the County's budget for the 2010 fiscal year.

Limits have been imposed on the property tax levy rates for Wisconsin counties. There are separate limits for the operating levy and the debt service levy. The baseline for the limits is the actual 1992 tax rate adopted for the 1993 budget. The operating levy rate and the debt levy rate cannot exceed the baseline rates unless the County qualifies for one of the exceptions allowed under the statute. The statute establishes specific penalties for failure to meet the levy rate freeze requirements. Among the penalties for exceeding the limits is the reduction of state shared revenues and transportation aids. As the nation-wide economic crisis continues, the long term impact on property values in the county may cause these property tax levy rate limits to become an issue for more counties when preparing future year's budgets.

With the adoption of the budget for the 2010 fiscal year, the County's operating levy rate of \$4.30 is approximately \$0.35 below the allowable operating levy rate of \$4.65. The operating levy could legally be increased under the property tax levy rate limit by \$2,437,634. The debt service levy rate of \$0.75 is well below the allowable debt service levy rate of \$1.17. The debt service levy could legally be increased under the property tax levy rate limit by \$1,739,708.

Another limit has been imposed legislatively on the total property tax levy for Wisconsin counties for a two year period by Wisconsin Act 25, effective July 25, 2005. Wisconsin State Budget bill SB40 continues the limit on the property tax levies through 2009. The budget bill limits the increase in the maximum allowable tax levy to the greater of the percentage change in the County's January 1st equalized value as a result of net new construction or 3.0% for the 2010 budget. The actual limit for the County for the 2010 budget was 3.452%.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Director, Fond du Lac County, Finance Department, 160 South Macy Street, Fond du Lac, WI 54935. The Finance Department may also be contacted via the internet. Please visit the Fond du Lac County website home page at www.fdlco.wi.gov, select the "Your Government" tab, then the "Finance" tab, then the "Financial Reports" tab.